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STATE PASS OPIC/VP/SF:KCHRISTENSEN

E.O. 12958: N/A
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SUBJECT: NICARAGUA: APPLICATION FOR OPIC FINANCE - BAC NICARAGUA

REF: (A) State 81128 (B) Managua 0932

1. (U) Summary. Embassy Managua supports OPIC's proposal for a \$30 million loan to Banco de America Central, S.A. Nicaragua (BAC Nicaragua). W

Company Standing

13. (U) Embassy review of BAC Nicaragua, its foreign sponsor, and key shareholder investors did not reveal any information linking the company and/or principals to terrorism, money laundering, corruption or violations of law. Established in 1953, BAC Nicaragua is the second largest bank in Nicaragua, employing approximately 2,000 people. The bank enjoys a Fitch Rating of AA, and is one of the most reputable financial institutions in Nicaragua.

Recent Events

14. (SBU) In support of an incipient political movement against MFIs, President Ortega accused Nicaraguan MFIs of "usurious lending" practices. In July 2008, some protests turned violent in the northern department of Nueva Segovia (Ref B). One protest resulted in the kidnapping of a local MFI branch manager. Another resulted in protesters setting fire to an MFI storefront in the city of Ocotal. Still others resulted in road closures and the barricading of various MFIs.

15. (SBU) Members of the financial community have commented that Ortega's rhetoric has contributed to the radical nature of these protests and

SANDERS